

PHILIPS

Policy document

Fair Employment Policy

February 2021

Our commitment to fair employment

At Philips, we want to attract, develop and retain talented people who share our sense of purpose. To support and strengthen employee engagement, we believe it is important to formalize our commitments and obligations with respect to making Philips not only a fair, safe and respectful environment, but also an inspiring place to work and grow.

Providing an inclusive workplace, where all employees feel valued and respected, is a central part of our culture. We want to benefit from the unique experiences and perspectives of our employees and leverage their diversity to enhance business performance. We are a global company. In every one of our geographies and every part of our business, we strive to create an inclusive culture, in which differences are recognized and valued. Our Inclusion & Diversity Policy further details our commitments on the topic.

This Fair Employment Policy should be seen in conjunction with our General Business Principles (GBP), Human Rights Policy and Inclusion & Diversity Policy. It details the ethical and social principles that govern the company's relationship with its employees worldwide.

Employees are welcomed to share their suggestions for improvement and concerns about possible violations of this policy directly with their direct line manager or their GBP Compliance Officer. Alternatively, anyone can (anonymously) report a violation using Philips Speak Up, online or via a hotline. Speak Up is available 24/7, 365 days a year, and in most of the main local languages of the countries in which we operate.

Freedom from forced, bonded and child labor

In accordance with conventions of the International Labor Organization (ILO), we do not make use of forced, bonded or child labor. In this context, a 'child' is defined as a person younger than any of the following: the age of 16, the age for completing compulsory education in his/her country, or the minimum age for employment in his/her country, whichever is higher.

We support legitimate workplace learning programs which comply with all laws and regulations, such as legal apprenticeships, short-term work experience schemes, or work that forms part of an educational program. Work must not be mentally, physically, socially or morally dangerous or interfere with their education. Employees below the age of 18 shall not perform any type of hazardous work.

All work must be voluntary, and employees must receive a written document detailing terms and conditions of employment, in a language accessible to them, prior to beginning their work at Philips. Unless required by local law, Philips employees shall not be required to deposit original government-issued identification, passports or work permits as a condition of employment. Likewise, (prospective) employees will not bear any fees or other unreasonable related costs for their recruitment or employment. If any such fees are found to have been paid by an employee, such fees shall be repaid to the employee.

Subject to local law requirements, employees will be free to terminate their employment with Philips upon reasonable notice. Employees are free to move and leave company premises during breaks and at the end of their shift, except for reasonable restrictions for safety and security reasons.

Working hours

We encourage a healthy work-life balance. Working weeks are not to exceed the maximum set by local law. A typical working week should not exceed 48 hours. In any given week, working time should not exceed 60 hours, including overtime, except in emergency or exceptional circumstances with the employee's consent to meet short-term business demand. Overtime work shall be voluntary, unless agreed in a collective labor agreement or union contract, or in emergency or exceptional circumstances. All employees are granted at least one day off per seven-day period.

Equal, fair and respectful treatment

We believe a diverse workforce is essential for a thriving, innovative business and strive to attract and retain employees from a wide range of backgrounds. We do not discriminate on the basis of race, color, age, gender, gender identity or expression, sexual orientation or identity, marital status, language, background, religion, health status, pregnancy, political or other opinions, disability, national or social origin/birth or any other status in our recruitment, hiring, training, promotion, compensation or employment practices.

We commit to providing a workplace where employees are free from physical, verbal and sexual harassment or abuse. We do not tolerate any conduct that creates, encourages or permits an offensive, humiliating, hostile or intimidating work environment. Harassment includes any offensive verbal, physical or visual behavior, or action that fails to respect the dignity and feelings of the individual to whom it is directed. Abuse includes any harsh or inhumane treatment of employees, including corporal punishment, mental or physical coercion, verbal abuse or the threat of any such treatment. Any unwelcome sexual advance, request for sexual favors, display of sexually explicit images or other conduct of a sexual nature is considered to be sexual harassment. This also includes situations where such actions are stipulated as a condition of employment, the response to such conduct is used as a basis for employment decisions, or it has the purpose or effect of interfering with work performance.

Right to organize and collective bargaining

We recognize and respect the freedom of employees to associate with any organization of their own choosing under local law without fear of reprisal, intimidation or harassment. Where employees are represented by a legally recognized labor union or other employee organization, we establish a constructive dialogue and engage in negotiations or consultation as required with their freely chosen representatives. We strive to follow ILO principles with respect to local legislation and legitimate associations representing employees' collective interest, with whom we can enter into dialogue about workplace issues.

No employee's employment will be made subject to the condition that he/she refrain from joining a union or that he/she relinquish trade union membership. Furthermore, we will not cause the dismissal of – or otherwise prejudice – an employee by reason of union membership or representation. We will not interfere with or finance labor organizations or take other actions with the object of placing such organization under the control of Philips.

Philips respects – within the framework of law, regulations and prevailing labor relations and employment practices – the right of employees to be represented by labor unions and other employee organizations and ensures that managers are aware of that right. Philips will engage in negotiations, either on its own behalf or through employers' associations, with a view to reaching agreement on employment conditions.

Remuneration

Remuneration must at the very least be consistent with the provisions of all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Overtime is compensated at a premium rate in accordance with local law. We ensure all employees receive a living wage, calculated in accordance with best practices as determined in collaboration with external experts.

Employee development

We see employee development as a reciprocal process: Philips and its workforce owe it to each other to ensure high levels of performance, personal development and employability over the long term.

In this spirit, we provide all employees with relevant opportunities to add to and hone their skills, and to realize their full potential through on-the-job training, learning from others (such as through coaching and mentoring) and virtual and classroom courses. This continuous learning approach both supports our growth strategy and performance and strengthens our relationship with employees.

International standards

This policy supports our aim of improving the quality of people's lives by upholding human rights and by meeting or exceeding consistently high workplace standards. We recognize, at a minimum, the International Bill of Human Rights, the fundamental Conventions of the International Labor Organization, and locally applicable laws and regulations. We also follow the guidance given in the United Nations Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises.

Philips has been a signatory to the United Nations (UN) Global Compact since 2007, committing itself to upholding the Compact's ten principles governing human rights, labor standards, environmental responsibility and anti-corruption. We have adopted internal procedures and guidelines in accordance with each of these principles, some of which are detailed in this policy.

In support of the ILO's drive to establish universally accepted labor standards, we have adopted internal procedures and guidelines in accordance with its fundamental Conventions, including the prohibition of forced labor, child labor and discrimination, and the protection of employees' right to organize, in the form permissible under local law.



Version 2, February 2021
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